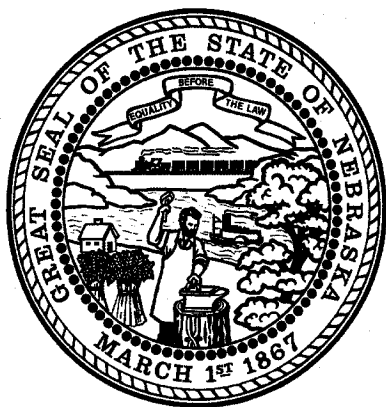


Executive Budget Summary

State of Nebraska

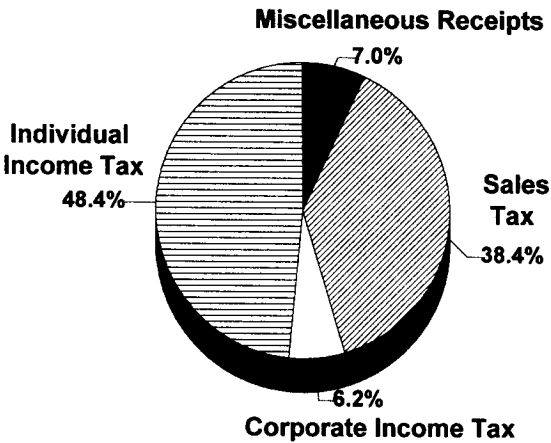
1999 - 2001 Biennium



Presented January 27, 1999

Mike Johanns
Governor

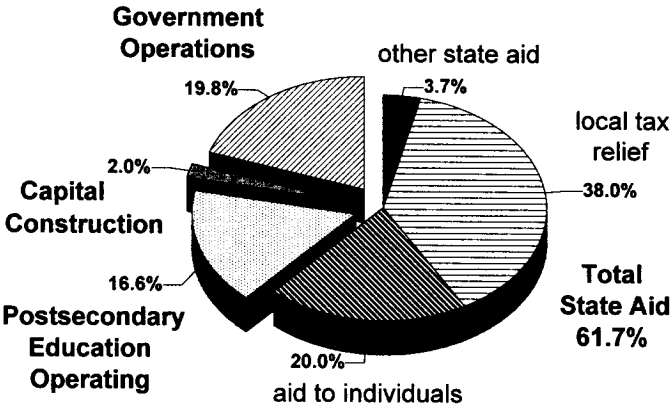
Where the State Tax Dollar Comes From...



FY 99-00 Revenue Estimates (in millions)
(10/30/98 Forecast)

	\$	%
Individual Income Tax	1,115.0	48.4
Sales Tax	885.0	38.4
Corporate Income Tax	142.0	6.2
Miscellaneous Receipts	160.0	7.0
Total	2,302.0	100.0

Where the State Tax Dollar Goes...



FY 99-00 Appropriations (in millions)

	\$	%
State Aid		
Local Tax Relief	867.0	38.0
Aid to Individuals	454.9	20.0
Other State Aid	84.2	3.7
Subtotal	1,406.1	61.7
Government Operations	450.2	19.8
Postsecondary Education	377.7	16.6
Capital Construction	44.8	2.0
Total	2,278.8	100.0

General Fund Financial Status

1999-2001 Biennium

(in Millions)

	<u>FY00</u>	<u>FY01</u>
Beginning Balance:		
Beginning Cash Balance	166.1	127.2
Cash Reserve Fund Transfer	(21.1)	
Allocation for Potential Deficits	(5.0)	(5.0)
	<hr/>	
Unobligated Beginning Balance	140.0	122.2

Estimated Revenue:

Net Receipts (NEFAB 10/30/98)	2,302.0	2,419.0
General Fund Transfer - In		1.7
General Fund Transfers - Out	(8.3)	(6.3)
Property Tax Relief Transfer	(25.0)	(25.0)
Adoption Credit Legislation	(0.2)	(0.3)
	<hr/>	
Total Net Revenue	2,268.5	2,389.1

Appropriations:

State Operations & Higher Ed	827.9	862.0
Aid to Individuals & Governments	1,406.1	1,457.9
Capital Construction	44.8	35.3
	<hr/>	
Subtotal	2,278.8	2,355.2
A-Bills	2.5	2.5
	<hr/>	
General Fund Appropriations	2,281.3	2,357.7

Spending Growth Rate:	2.2%	3.4%
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Ending Balance:

Dollar Ending Balance	127.2	153.6
Biennial Reserve (%)	--	3.3%
Minimum Reserve	--	139.9
Variance from Minimum Reserve	--	13.7

Significant Issues With General Fund Impact (in Millions)

	<u>FY00</u>	<u>FY01</u>
Tax Cuts & Economic Development		
Property Tax Relief	25.0T	25.0T
Homestead Exemption Expansion	7.6	7.8
Adoption Credit	0.2R	0.3R
Partnership Grants Sunset	(0.5)	(0.5)
Homestead Exemption Savings	(2.0)	(0.9)
Education		
State Aid to Education	(13.2)	4.2
Special Education	3.9	7.8
School Retirement System Funding	(7.1)	(7.1)
University of Nebraska	13.3	26.1
State College System	1.1	2.1
Community College Aid	0.0	6.8
Student Financial Aid	0.2	0.4
NETC Digitization and Computing	0.2	0.2
Temporary Mitigation Aid	(4.5)	(4.5)
Environment		
Wyoming/Kansas Water Lawsuits	2.9	2.0
Water Mapping System	0.2	0.1
Safe Drinking Water Match	(1.2)	(1.2)
Public Safety		
Law Enforcement Wage Contract	2.1	2.8
Tecumseh Prison Facility Oper.	0.8	1.9
McCook Incarceration Work Camp	0.5	3.9
Reimb. County Incarceration Costs	6.8	6.8
Corrections Recruitment & Retention	1.6	1.6
Governor's Emergency Fund	(0.5)	(0.5)
Health and Human Services		
Safe Water Federal Requirements	0.2	0.2
Child Support Collection	0.1	0.2
Medicaid, Medicaid Long-Term Care	18.0	35.4
Medicaid Fed. Match Rate Change	4.0	5.3
Services for Juveniles	0.8	0.5
Child Welfare Services/State Wards	8.4	10.3
Mental Health Services	5.7	3.9
Devel. Disabilities - HS Graduates	1.3	1.5
Devel. Disabilities - Rate Equity	1.6	3.6
Services for the Elderly	0.9	0.9
HHS Data Processing Costs	2.0	2.3
Medicaid Mgmt. Info. System Upgrade	0.8	0.6
HHS One-time Reductions	(0.6)	(0.6)
Mental Health One-time Costs	(5.5)	(5.5)

Capital Construction

Hazardous Materials - NU	0.2	0.5
Fire/Life Safety - Educ. Telec.	0.0	0.1
Fire/Life Safety - Historical Society	0.0	0.1
Boiler Replacement - Hastings Center	0.8	0.0
One-time Electronics Center Cost	0.0	(2.5)

Government Operations

State Agency Salary Costs	6.8	17.4
State Agency Health Insurance Costs	6.3	11.9

Technology Infrastructure

Nebraska Information System	1.0	1.0
Technology Retraining Financing	(0.5)	(0.5)
Satellite/Transponder	1.2	1.2
NETC Digitization	1.6	1.6
TELCEDS/Surgery Tech Link	0.4	0.2

T = Transfer

R = Revenue Reduction

FY00 = Change from FY99

FY01 = Change from FY99

Governor's Initiatives and Other Significant Issues with General Fund Impact

Introduction

Through the experience of visiting with many Nebraskans, Governor Johanns sees four objectives which will strengthen the State, and he has made them the objectives of his new administration. They include: smaller government, lower taxes, safe communities, and a growing economy.

Governor Johanns' budget recommendations limit State spending to a growth rate of 2.2 percent for FY2000 and 3.4 percent for FY2001.

Tax Cuts and Economic Development

Property Tax Relief - Delivers tax relief directly to property taxpayers.

Homestead Exemption - Increases the number of eligible individuals and the amount of property tax relief by raising the limitations on the value of the homestead, adjusting income limitations, and increasing the amount of the exemption.

Adoption Credit - Allows families a \$1000/year refundable income tax credit for each year of an adopted child's life up through age six, for a maximum of \$7,000.

Education

State Aid to Education - Funds state aid to education at levels consistent with the amount of aid certified for FY 1999-00.

Special Education - Increases state General Fund appropriations for special education reimbursement at the statutory maximum growth of 3% per year.

School Retirement System Funding - Eliminates state 0.7% contribution to a formula annuity within the School Retirement System. Reduction still leaves nearly \$650 million more than needed to fund current obligations.

University of Nebraska and State College System - Provides state share of continuation funding for such items as salaries, health insurance, operations and maintenance, and depreciation assessment.

Community College Aid - Provides General Funds to help replace property tax revenue lost from reduction in property tax levy limitations.

Student Financial Aid - Provides increased funding for student financial aid in order to maintain the current number of scholarships.

Digitization and computing at Nebraska Educational Telecommunications Commission (NETC) - Provides additional resources to aid in implementation of new technology.

Environment

Wyoming/Kansas Water Lawsuits - Includes funds to continue Platte River water rights litigation with the State of Wyoming and to prepare for a suit filed by the State of Kansas concerning the use of the Republican River.

Computerized GIS-based Mapping System - Replaces tedious, labor-intensive water rights mapping process, to aid in administration of irrigation water rights and assist in litigation efforts with Wyoming and Kansas.

Public Safety

Law Enforcement Wage Settlement - Funds settlement of wage contract impasse with law enforcement bargaining unit and provides resources to aid in recruitment and retention of law enforcement professionals.

Tecumseh Prison Facility Initial Operations - Provides for staffing and start-up costs for anticipated opening in the spring of 2001.

McCook Incarceration Work Camp Operations - Allows for initial staffing and operations for facility scheduled to open in the summer of 2000.

Reimburse Counties for Incarcerating Prisoners - Pays for incarceration costs of prisoners convicted of state offenses.

Correctional Officers Recruitment and Retention - Increases compensation to recruit and retain competent correctional officers.

Health and Human Services

Safe Water and Groundwater Protection Federal Requirements - Provides additional professional staffing to help communities and individuals comply with new federal requirements.

Child Support Collection Efforts in Douglas County - Funds the cost of additional contractual services for child support collection.

Medicaid, Medicaid Long-term Care - Anticipates increases in utilization and prices for the Medicaid programs.

Medicaid Federal Match Rate Change - Offsets a reduction in federal participation rate for the state's Medicaid program.

Services for Juveniles - Enhances community services for youngsters needing emergency assistance and for youth receiving treatment from the State.

Child Welfare Services and Education of State Wards - Addresses the growing need for services for youth in crisis situations and provides additional funds to pay for general education of state wards in their home districts delivered by private facilities, per court decision.

Developmental Disabilities Services - New High School Graduates - Provides funding for entitlement services for developmentally disabled students completing special education.

Developmental Disabilities - Rate Equity - Funds rate increases for providers of services for the developmentally disabled, to allow staff salary increases and bring reimbursement rates to 92.5% and 95% of established reimbursement methodology.

Services for the Elderly - Allows additional service coordination for elderly persons facing long-term care decisions and provides additional community-based services.

Capital Construction

Fire/Life Safety - Educational Telecommunications Commission - Funds a program statement to upgrade air handling, electrical, and entrances at NETC building and general renovation to increase mechanical system and building use efficiency.

Fire/Life Safety - Historical Society - Supports design development for upgrade of air handling and electrical systems and building efficiency at Lincoln Headquarters - "R" Street facility.

Boiler Replacements - Hastings Regional Center - Funds replacement of two 70-year old boilers that are no longer repairable.

Government Operations

State Agency Salary Costs - Provides funding for salary increases for state contract and non-contract employees.

State Agency Health Insurance Costs - Funds the state's portion of anticipated increases in health insurance contracts beginning January 1, 2000.

Technology Infrastructure

Nebraska Information System - Provides funding to begin replacing State government's human resource and financial management information systems.

Satellite/Transponder Replacement - Provides preliminary continuation funding to replace current transponder space for the NETC.

NETC Digitization - Provides funding needed to digitize the NETC signal to comply with federal requirements.

TELCEDS/Surgery Tech Link - Funds the Technology-Enhanced Learner-Centered Education Delivery System to link schools in the Omaha area for distance learning and finances a DS3 link for Southeast Community College to collaborate in offering a Surgical Technology program.

For more information on the Governor's biennial budget recommendations contact:

Budget Division

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www.das.state.ne.us/das_budget/bud/homepg.htm